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Date: 4/25/2016 1:51:22 PM UTC
Subject: Daily Update

Quote of the Day

"Note to the young and bold: Know NOW what you'll know then." - Vince McConnell

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- A generally red Monday as investor take a pause and assess current levels, data and news. Items of note for the morning / week: FOMC on Thursday and chatter that China is dialing back stimulus. The dollar appears to be settling a bit after its selloff that started in January. Commodities are approaching their 200 day. Both of these trends need to be monitored as they will be good performance tells for the coming six months. Last week was a risk-on market although there was some consolidation at week's end (DJIA +60bps, EuroStoxx +159bps and US HY +200bps). One big theme from weekend reading is investor "positioning". There appears to be an obsession with the impact of non-fundamental investors on market prices (rightfully so but that doesn't mean it can be ignored…). Some data points this weekend from JPMorgan on investor positioning:

    - 60% of equity mutual fund managers are underperforming their benchmark YTD.
    - 58% of hedge funds are in negative territory YTD.
    - This pressure to chase performance is one reason the equity market is still trading "short".
    - SWFs not only sold equities but they also liquidated hedge fund mandates.
    - Retail investors are still reluctant to embrace the equity rally. Last time they were so reluctant was during 2008.

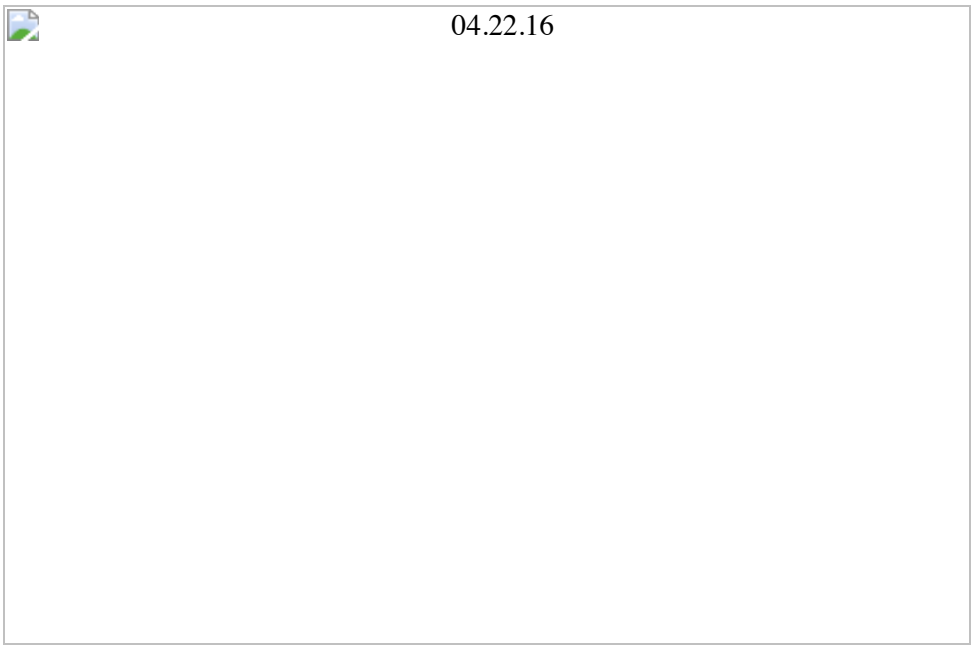
  In other news, Tech stocks got hammered last week, Obama is sending another 250 troops over to Syria and Putin is building his own "private" security force. Futures: -6. 10 year: 1.89% (I wonder why the treasury folks are ignoring equities today?...)

- Data: New Home Sales later this morning (520k exp). Q1 GDP on Thursday, FOMC on Wednesday and Durable Goods on Tuesday

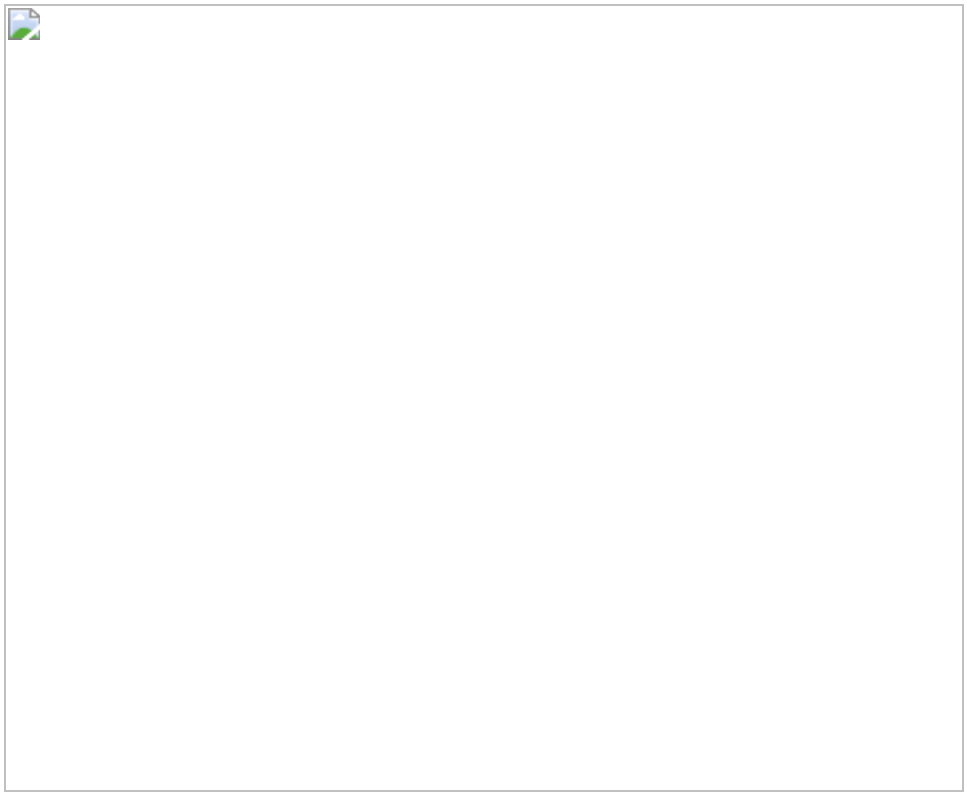
- Credit: Loans are up ~1.38% ytd while HY is now ~+6.37% ytd! (however the US HY is down ~3% over the past 12 months even though cash balances are at 3 ½ year highs. hmmmmmmm….). Alpha continues to be provided courtesy of Metals/Mining and Energy. Part of the fuel for the rip in credit assets has been repayments and coupons. The loan market had ~$8bn of coups / repayments in the past week alone!

Rotation time?

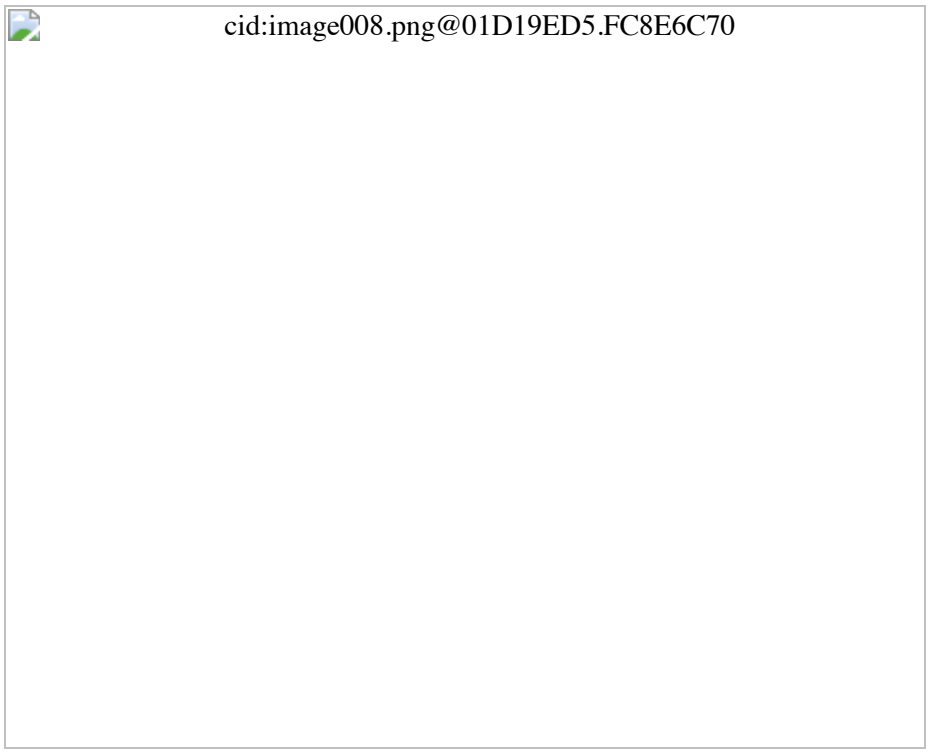
Should have bought in February….



Leveraged lending guidelines having an impact (>7x leverage stat)



Hmmmmmmmmmmmmmmmmmmmm…..



- Charts of the day:

Buy Credit!!!

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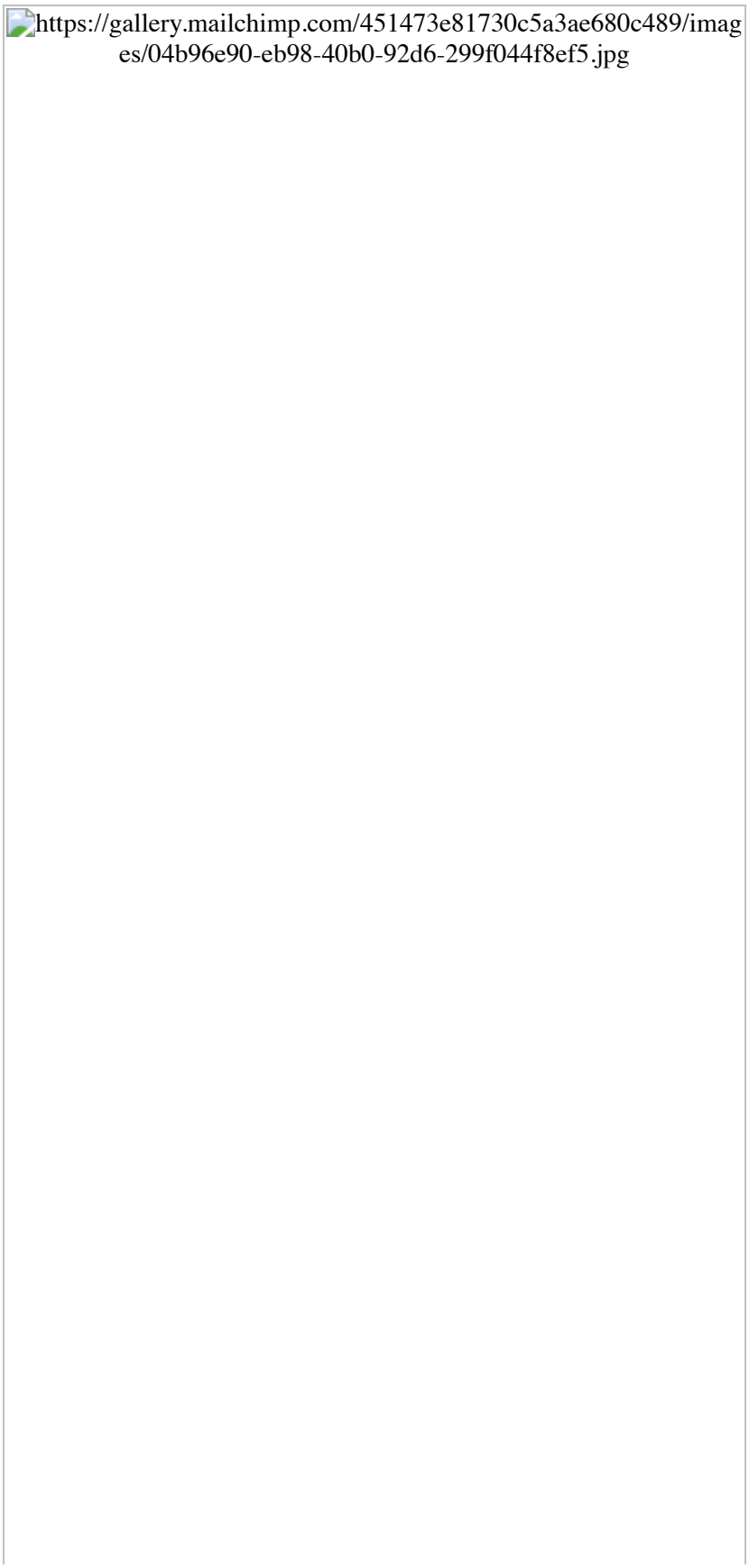
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- Other:
    - Asset manager fee pressure (for size though) http://www.ft.com/intl/cms/s/0/72b0ffca-0642-11e6-9b51-0fb5e65703ce.html?ftcamp=published_links%2Frss%2Fcompanies%2Ffeed%2F%2Fproduct#axzz46k1cLETE
    - Tag team! http://www.nytimes.com/2016/04/25/us/politics/ted-cruz-john-kasich-donald-trump.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region&region=top-news&WT.nav=top-news&_r=0
    - The world is upside down! http://www.reuters.com/article/us-usa-electon-koch-idUSKCN0XL01J?feedType=RSS&feedName=politicsNews
    - Food for thought =>

- HY: 103 3/16 (-5/16)
- IG: 74 ¾ (+1/34)
- CSLLI: 1.53% mtd / 2.88% ytd

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